

Message Text

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PAGE 01 ABU DH 02587 270735Z

11
ACTION NEA-10

INFO OCT-01 AF-08 ARA-06 EA-07 ISO-00 FEA-01 ERDA-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01

PM-04 USIA-06 SAM-01 OES-06 SP-02 SS-15 STR-04

TRSE-00 ACDA-07 PA-01 PRS-01 /123 W
----- 012510

R 270710Z SEP 76
FM AMEMBASSY ABU DHABI
TO SECSTATE WASHDC 4976
INFO AMEMBASSY ALGIERS
USINT BAGHDAD
AMEMBASSY CARACAS
AMEMBASSY DOHA
AMEMBASSY JAKARTA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY L
AMEMBASSY LIBREVILLE
AMEMBASSY TRIPOLI
AMEMBASSY TEHRAN
AMEMBASSY QUITO

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DEPARTMENT PASS BAGHDAD

E.O. 11652: N/A
TAGS : ENRG, TC
SUBJECT : OTAIBA ON OIL PRICE INCREASES

1. UAE MINPETROLEUM MANA AL-OTAIBA WAS QUOTED IN LOCAL
DAILY AL-WATHBA SEPT 21 AS SAYING THAT UAEG WILL SUPPORT
TEN TO FIFTEEN CENT REPEAT CENT INCREASE IN PRICE OF BARREL
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OF CRUDE BEGINNING FIRST OF YEAR. THIS STORY PICKED

UP BY REUTERS. COMMENT: CHARGE HAD OCCASION DURING
BRIEF ID AL-FITR CALL TO ASK OTAIBA ABOUT STORY AND
PARTICULARLY WHETHER IT SHOULD HAVE READ "PERCENT"
VERSUS "CENT". OTAIBA'S INITIAL RESPONSE WAS THAT STORY
WAS CORRECT, BUT FURTHER INQUIRY REVEALED THAT IN
SPEAKING IN TERMS OF "CENTS" HE WAS REFERRING TO AP-
PROPRIATE ADJUSTMENTS IN QUALITY DIFFERENTIALS. WHEN
IT CAME TO BASIC PRICE PER BARREL HE SAID THAT UAEG
POSITION WAS THAT INCREASE OF APPROXIMATELY TEN PERCENT
WAS IN ORDER. IN THIS CASE THERE WAS NO INDICATION OF
RANGE OF POSSIBLE INCREASE UPWARD BEYOND THAT AMOUNT.

2. ORIGINAL ARTICLE, PRESUMABLY MORE ACCURATELY, ALSO
PUT OTAIBA ON RECORD AS OPPOSING SPECIAL OPEC SESSION
PRIOR TO MEETING IN DOHA IN DECEMBER. OTAIBA ALSO
QUOTED AS PROPOSING "RADICAL SOLUTION" TO PROBLEM OF
OIL PRICING. PRICE SHOULD BE LINKED BOTH TO COSTS OF
ALTERNATIVE POWER SOURCES AS WELL AS TO PRICES OF
GOODS AND SERVICES IMPORTED INTO OPEC COUNTRIES.
COMMENT: RE OTAIBA'S PRICE FORMULA, IT
HARDLY DESERVES LABEL "RADICAL", BUT IT IS AT LEAST
A SIGN THAT UAEG BROADENING ITS PERSPECTIVE AWAY FROM
STRICT PRICE INDEXING SYSTEM BASED ON IMPORTS ONLY.
PEALE

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Message Attributes

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Concepts: PETROLEUM, POLICIES, PRICES
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Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: SmithRJ
Disposition Case Number: n/a
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Disposition Date: 28 MAY 2004
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04 MAY 2006

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